

**REGULAR STATE BANKING BOARD MEETING
HELD BY CONFERENCE CALL
OFFICE OF THE COMMISSIONER
DEPARTMENT OF FINANCIAL INSTITUTIONS
2000 SCHAFER STREET, SUITE G
BISMARCK, NORTH DAKOTA**

September 8, 2005

The regular meeting of the State Banking Board was held in the Office of the Commissioner, Department of Financial Institutions, 2000 Schafer Street, Suite G, Bismarck, North Dakota. Chairman Karsky called the meeting to order at 9:00 a.m., Thursday, September 8, 2005, by conference call.

MEMBERS PRESENT: Timothy J. Karsky, Chairman (*Office*)
Bill Daniel, Member (*Bismarck*)
Lorren Henke, Member (*Wishek*)
Launa Moldenhauer, Member (*Bismarck*)
Roger Monson, Member (*Finley*)
Anita Quale, Member (*Watford City*)

MEMBER ABSENT: Ron Braseth, Member

ALSO PRESENT: Robert J. Entringer, Secretary (*Office*)

APPROVAL OF MINUTES

Chairman Karsky indicated the Board received copies of the minutes of the regular meeting held on July 14, 2005. **It was moved by Member Monson and seconded by Member Quale to approve the July 14, 2005, minutes as presented. The motion carried by a vote of 6 to 0, with Member Braseth absent.**

HEARTLAND TRUST COMPANY, FARGO – APPLICATION TO MOVE ITS MAIN OFFICE FROM 120 SOUTH 8TH STREET, FARGO, TO 1202 27TH STREET SOUTH, FARGO

Assistant Commissioner Entringer noted that unlike other applications, there are no publication requirements since the trust company is simply relocating within the community. Additionally, there are no statutory requirements for approval of this application.

Assistant Commissioner Entringer stated page 4 of the application lists the anticipated costs for leasehold improvements of \$250,000, and furniture and fixtures of \$50,000. The applicant notes that the lessor terminated the lease and the trust company had no other option but to relocate. There are no statutory limitations for investment in fixed assets for trust companies; however, the trust company reported \$60,000 in premises and fixed assets in the June 2005 Call Report. Page 7 of the application indicates occupancy expenses are anticipated to rise from \$29,000 to \$76,000 with the new location. As of yearend 2004 the trust company reported net income of \$171,000, and as of June 2005 the net income was reported at \$145,000; therefore, the impact to net income as a result of this relocation appears to be nominal.

Assistant Commissioner Entringer noted it is the Department's recommendation that the State Banking Board approve the application by Heartland Trust Company, Fargo, to move its main office from 120 South 8th Street, Fargo, to 1202 27th Street South, Fargo, and to authorize Chairman Karsky to sign the Order on behalf of the Board.

Chairman Karsky noted this is the second time Heartland Trust Company has had to move; originally the company was located at 700 Main Street.

Assistant Commissioner Entringer noted the trust company has already moved to its new location at 1202 27th Street South because it was a rush deal and they had to vacate the premises.

It was moved by Member Henke and seconded by Member Monson to approve the application by Heartland Trust Company, Fargo, to relocate its main office from 120 South 8th Street, Fargo, to 1202 27th Street South, Fargo, and that Chairman Karsky is authorized to sign the Order on behalf of the Board. The motion carried by a vote of 6 to 0, with Member Braseth absent.

ARTICLES OF AMENDMENT – THE GOOSE RIVER BANK, MAYVILLE, TO HAVE PERPETUAL EXISTENCE

Chairman Karsky explained under previous law banks only had a 25 year existence and several sessions ago the law was changed to allow for perpetual existence. As a bank's existence comes due, the Department is requesting that a bank amend the Articles for perpetual existence.

It was moved by Member Moldenhauer and seconded by Member Monson to approve the amendment to the Articles of Incorporation for The Goose River Bank, Mayville, to have perpetual existence. The motion carried by a vote of 6 to 0, with Member Braseth absent.

ITEMS TO BE NOTED

Federal Reserve Bank

On 8-3-05, received notification from Choice Financial Holdings, Inc., Grafton, for permission to operate a savings association as a result of the proposed conversion of Peoples State Bank of Comfrey, Comfrey, MM, to a federal savings bank, to be known as Choice Financial Savings Bank, Comfrey, MN.

Comptroller of the Currency

On 6-30-05, received application by Dakota Community Bank, National Association, Hebron, to establish a branch at 919 South Seventh Street, Bismarck.

On 8-1-05, approved application by Dakota Community Bank, National Association, Hebron, to establish a branch at 919 South Seventh Street, Bismarck.

Effective 8-2-05, Dakota Community Bank, National Association, Hebron, opened branch at 919 South Seventh Street, Bismarck.

On 8-3-05, received application by Alerus Financial, National Association, Grand Forks, to establish a branch at NW Corner of 34th Avenue & County Road 17, Fargo.

HURRICANE KATRINA

Chairman Karsky discussed the hurricane and the communications the Department has received from the FDIC, as well as state agencies in Louisiana and Mississippi. From the information the Department has received, most financial institutions are up and running as of this date.

Chairman Karsky stated some of the issues that will be stumbling blocks are the fact that social security checks for those people that do not have direct deposit were mailed on September 1, 2005, and there will be difficulty receiving those checks. Chairman Karsky indicated Social Security has opened up an office in the affected areas and is issuing hand written checks, and apparently banks and other financial institutions are reluctant to cash those checks.

Chairman Karsky indicated the FDIC and OCC are asking the banks to go ahead and cash Social Security checks if the individual has identification.

Chairman Karsky indicated it has been approximately 10 years since the flood in Grand Forks, and wondered if our backup procedures and contingency plans are still effective; therefore, he thought it was an appropriate time to send a letter to the banks reminding them to make sure their procedures are in place and current.

Member Monson indicated he had seen that FEMA was now issuing debit cards, but wondered how effective that would be since power was still out to much of the area. Assistant Commissioner Entringer indicated he had heard that FEMA was offering three options: take a check, a debit card, or have the money wired directly to your bank account.

The Board went into closed session at 9:11 a.m.

Timothy J. Karsky, Chairman

Robert J. Entringer, Secretary